



FOR IMMEDIATE RELEASE

**PJM AUTHORIZES CONSTRUCTION OF \$1.3 BILLION
IN TRANSMISSION UPGRADES**

First 15-year plan directs evaluation of a potential \$10 billion in proposed projects

(Valley Forge, Pa. – June 23, 2006) – The PJM Interconnection Board today approved its first 15-year regional electric transmission plan. The plan is designed to maintain the reliability of the PJM area transmission system, which serves 51 million people in 13 states and the District of Columbia.

As part of the plan, PJM authorized construction of \$1.3 billion in electric transmission upgrades, including a 240-mile, 500-kilovolt transmission line from southwestern Pennsylvania to Virginia to be constructed by Allegheny Power and Dominion. The total plan upgrades will ensure continued grid reliability through 2011 and are estimated to reduce congestion costs by \$200 million to \$300 million annually.

To meet long-term needs through 2021, PJM directed additional studies and evaluation of 10 significant transmission line proposals totaling \$10 billion of potential new investment, including the high-voltage transmission line projects proposed by American Electric Power, Allegheny Power and Pepco Holdings Inc. Those proposals build on the solutions identified in PJM's Mountaineer concept, unveiled in May 2005, for new transmission lines and potential corridors for transmission in the eastern half of the PJM region.

"The Board of Managers' approval of the Regional Transmission Expansion Plan (RTEP) will result in additional investments in backbone transmission over the 15-year period and could resolve more than \$1 billion in annual congestion costs," noted Phillip G. Harris, PJM president and chief executive officer. Transmission owners for these projects will proceed with preliminary siting evaluations, initial environmental impact assessment work and potentially right-of-way acquisition. PJM will continue to evaluate the projects.

PJM's RTEP includes upgrades and new projects to maintain system reliability and to interconnect new electric generation. PJM has expanded its planning horizon from five years to 15 years, and the current plan is the first with the longer period. The plan considers the growth and changes in the broad, multi-state region. By not being limited to considering just one utility's service territory, the PJM planning process can determine the most effective and cost-efficient transmission solution no matter where it is located in the region.

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“Regional transmission planning works,” said Audrey A. Zibelman, PJM’s executive vice president and chief operating officer. “It’s stimulating the necessary investments in the grid to maintain reliability and to improve economic efficiency. We’re excited about our first 15-year regional transmission plan and believe it’s a big step not only for PJM but for the entire industry. We especially appreciate the hard work and contributions of our members over the last six months.”

PJM has authorized more than \$4 billion of accumulated transmission investment since its planning process began six years ago, resulting in an additional 18,717 megawatts of new generation being interconnected, with 3,777 megawatts of generation now under construction. More than a half-billion dollars in transmission projects have been completed.

“Our regional planning process has evolved to address different needs in response to changing conditions,” Zibelman said. “The process has grown from one that primarily addressed reliability-driven upgrades and generation interconnection to the new, long-term planning effort that can better address economic efficiency and major transmission additions.”

PJM Interconnection ensures the reliability of the high-voltage electric power system serving 51 million people in all or parts of Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia. PJM coordinates and directs the operation of the region’s transmission grid, which includes 6,038 substations and 56,070 miles of transmission lines; administers the world’s largest competitive wholesale electricity market; and plans regional transmission expansion improvements to maintain grid reliability and relieve congestion. Visit PJM at www.pjm.com.

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